

EXHIBIT 10

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re: : Chapter 11 Case No.
LEHMAN BROTHERS HOLDINGS INC., et al. : 08-13555 (JMP)
Debtors. : (Jointly Administered)
-----X

**DEBTORS' DISCLOSURE STATEMENT
FOR THIRD AMENDED JOINT CHAPTER 11 PLAN
OF LEHMAN BROTHERS HOLDINGS INC. AND ITS AFFILIATED
DEBTORS PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE**

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Dated: August 31, 2011
New York, New York

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Exhibits

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Exhibit 14A	Description of Bankhaus Settlements
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Exhibit 15	Exchange Rates
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Exhibit 18	Certain Significant Transactions Regarding Debtors' Assets
Exhibit 19	Description of Business and Capital Structure of Lehman Prior to the Commencement Date
Exhibit 20	List Of Creditors That Have Executed Plan Support Agreements

If the Debtors enter into settlement agreements with other Foreign Debtors prior to the Effective Date, such settlement agreements will be included in the Plan Supplement.

(i) Settlements with Bankhaus

The Debtors have entered into two settlement agreements with Dr. Michael C. Frege, the Foreign Administrator of Bankhaus. Pursuant to the first settlement agreement (the “Bankhaus Loans Settlement Agreement”) (i) the parties settled disputes between LBHI, LCPI, and Lehman ALI (collectively, the “Lehman Parties”) and Dr. Frege regarding the ownership of certain loans subject to participations, (ii) the Lehman Parties purchased loans from Bankhaus and (iii) certain claims of Bankhaus against LBHI and LCPI were Allowed. A description of the terms of the Bankhaus Loans Settlement Agreement is included on Exhibit 14A hereto.

Pursuant to the second settlement agreement (the “Bankhaus Claims Settlement Agreement”), the Debtors and Dr. Frege (a) settled all claims among the Debtors and certain Debtor-Controlled Entities and Bankhaus, (b) subject to certain conditions, Bankhaus agreed to support the Plan and the Debtors agreed to support a plan in Bankhaus’s Foreign Proceeding, and (c) LBHI agreed to purchase certain securities owned by Bankhaus. The Bankhaus Claims Settlement Agreement is subject to (i) the confirmation of a Plan which incorporates the Bankhaus Claims Settlement Agreement and (ii) authority from Bankhaus’ Creditors’ Committee and Creditors Assembly. A description of the terms of the Bankhaus Claims Settlement Agreement is included on Exhibit 14A, and an executed copy of the Bankhaus Claims Settlement Agreement is annexed hereto as Exhibit 14B.

(ii) Settlements with the Hong Kong Lehman Entities In

Liquidation

On July 31, 2011, the Debtors entered into a settlement agreement (the “Hong Kong Settlement Agreement”) with the Hong Kong Lehman Entities In Liquidation (as defined therein). The Hong Kong Settlement Agreement provides for (a) the allowance of certain Claims asserted by certain Hong Kong Lehman Entities In Liquidation against certain of the Debtors, (b) the allowance of certain Claims asserted by the Debtors against certain Hong Kong Lehman Entities In Liquidation, (c) the exchange of mutual releases between the Debtors and the Hong Kong Lehman Entities In Liquidation, and certain other material terms and conditions. In addition, pursuant to the Hong Kong Settlement Agreement, the Hong Kong Lehman Entities In Liquidation agree to support and vote to accept the Plan. Certain provisions of the Hong Kong Settlement Agreement is subject to (i) the confirmation of the Plan which incorporates the Hong Kong Settlement Agreement and (ii) the approval of the Hong Kong Settlement Agreement by the High Court of the Hong Kong Special Administrative Region. A description of the terms of the Hong Kong Settlement Agreement is included on Exhibit 14C, and an executed copy of the Hong Kong Settlement Agreement is annexed hereto as Exhibit 14D.

(iii) Settlement with the Lehman Singapore Entities

On August 24, 2011, the Debtors and certain Debtor-Controlled Entities (together, “Lehman US”) entered into a settlement agreement (the “Singapore Settlement Agreement”) with the Lehman Singapore Liquidation Companies and Lehman Singapore Non-Liquidation

Affiliates have been subject to one such regulatory action; a Determination Notice has been issued stating the intention to subsequently issue a Financial Support Direction (“FSD”), which requires those companies to seek approval of and implement an arrangement to provide financial support to the UK Pension Scheme. If LBHI or any of its affiliates subject to the FSD do not comply with the FSD, they may be issued a Contribution Notice (“CN”) by the UK Pensions Regulator, which constitutes a claim against each such company. However, the UK Pensions Regulator and the UK Pension Claimants have entered into a Bankruptcy Court-ordered stipulation with LBHI whereby they will not take any enforcement action against LBHI without abiding by certain notice or hearing requirements. Two separate appeals relating to the FSD and the CN process are currently pending in the UK.

g. Subordinated Unsecured Claims

Subordinated Unsecured Claims include Claims against LBHI in respect of notes subordinated to senior bonds and certain other creditors in accordance with the terms of the underlying agreements. The Recovery Analysis assumes that such agreements are generally enforced in accordance with their terms. The Recovery Analysis takes into account Claims filed against the Debtors in respect of Subordinated Notes in the amount set forth on LBHI’s balance sheets.

h. Intercompany Claims

The Recovery Analysis assumes that all Intercompany Claims are recognized beginning in the amounts set forth on the balance sheets as of the applicable Commencement Date. The material Intercompany Balances are set forth on Exhibit 8A. For purposes of the Recovery Analysis, these balances are subject to reconciliation, adjustment and the effect of certain Plan provisions, and have been netted to reflect the set-off of mutual debts (i.e., pre-petition debts against pre-petition debts, post-petition against post-petition (See Exhibit 8B)). With respect to Affiliate Guarantee Claims, the Recovery Analysis reduces such Claims to take into account the risk to such claimants of numerous issues, including (i) substantive consolidation and (ii) the enforceability of specific Guarantees.

Intercompany payables consist of (i) Derivative Contracts recorded at fair value in the Debtors’ records as of September 14, 2008, (or the applicable termination date), (ii) intercompany payables derived from financings which are reflected net of collateral inventory and (iii) normal course intercompany funding.

Any intercompany transactions that occurred on or after the Commencement Date are treated as Administrative Claims. In accordance with the terms of the Plan, setoff of Intercompany Claims is calculated based on the Allowed amount of such Claims.

Certain of the Debtors have claims against Debtor-Controlled Entities, which entities may be insolvent. The Debtors may ultimately collect only a portion of the claim amounts against such entities.

Deutsche Bank acquired the Allowed Claim Against LCPI and the related Allowed Guarantee Claim Against LBHI (defined below in Exhibit 14A) from Bankhaus. Since such Claims are based on a contractual obligation of LCPI to an Affiliate, the Debtors have included the Allowed Claim Against LCPI in LCPI Class 5C as a Claim of an Affiliate other than LBHI and the Participating Subsidiary Debtors, and the Debtors have included the Allowed Guarantee Claim Against LBHI in LBHI Class 4B as a Senior Affiliate Guarantee Claim. Deutsche Bank disputes such classifications and asserts that such Claims should be included in LCPI Class 4A as a General Unsecured Claim against LCPI and in LBHI Class 7 as a General Unsecured Claim against LBHI.

4. Net Distributable Assets, Recovery Analysis And Reconciliation Tables.

Included in this Exhibit are tables containing the Net Distributable Assets for each Debtor, the Recovery Analysis for each Debtor and Reconciliation Tables for LBHI and the Participating Subsidiary Debtors. The Reconciliation Tables provide detail regarding the effects of the Plan provisions on the recoveries to certain creditors of LBHI and the Participating Subsidiary Debtors.

The Plan provides that a portion of Distributions to certain other classes will be reallocated to holders of Allowed Claims in LBHI Classes 3 and 7. The gross effect of the Plan Adjustment reallocation is set forth on a Debtor by Debtor basis in the Net Distributable Assets Table, and on a Class by Class basis on the Reconciliation Tables in the "Plan Adjustment" column on the following page.

Recovery Analysis for LBHI

(\$ in millions)

	Estimated Plan Assets			Estimated Allowed Claims³	Estimated Plan Recovery	
				\$	%	
Cash & Cash Equivalents	\$2,723	Class 1:	Priority Non-Tax Claims	\$3	\$3	100.0%
Restricted Cash	3,515	Class 2:	Secured Claims	2,481	2,481	100.0%
<u>Financial Instruments & Other Inventory</u>		Class 3:	Senior Unsecured Claims	83,724	17,678	21.1%
Real Estate	4,353	Class 4A: ⁴	Senior Affiliate Claims	52,327	8,147	15.6%
Loans	596	Class 4B: ⁴	Senior Affiliate Guarantee Claims	11,563	1,758	15.2%
Principal Investments	1,613	Class 5:	Senior Third-Party Guarantee Claims	52,702	6,410	12.2%
Derivatives & Other Contracts	--	Class 6A:	Convenience Claims	54	14	26.0%
Other Assets	2,486	Class 6B:	Convenience Guarantee Claims	332	56	17.0%
Operating Asset Recoveries	\$15,285	Class 7:	General Unsecured Claims	11,390	2,267	19.9%
Recovery on Intercompany Receivables	25,913	Class 8: ⁴	Affiliate Claims	1,446	208	14.4%
Recovery on Other Receivables	2,946	Class 9A:	Third-Party Guarantee Claims other than those of the Racers Trusts	39,658	4,555	11.5%
Equity Interests in Affiliates	2,727	Class 9B:	Third-Party Guarantee Claims of the Racers Trusts	1,948	136	7.0%
TOTAL ASSETS	\$46,872	Class 10A:	Subordinated Class 10A Claims	3,436	--	--
<u>Administrative Expenses¹</u>		Class 10B:	Subordinated Class 10B Claims	10,343	--	--
Administrative Expenses & Other ²	(\$2,592)	Class 10C:	Subordinated Class 10C Claims	1,499	--	--
Post-Petition Intercompany Payables	(2,316)	Class 11:	Section 510(b) Claims	--	--	--
Operating Disbursements	(641)	Class 12:	Equity Interests	--	--	--
DISTRIBUTABLE ASSETS	\$41,322					
Plan Adjustment from Part. Debtors	\$2,390					
NET DISTRIBUTABLE ASSETS	\$43,712	TOTALS		\$272,904	\$43,712	

Note: All values that are exactly zero and all recovery percentages where the corresponding recovery amount is zero are shown as "--". Values between zero and \$500,000 appear as "0".

1 Comprised of administrative expenses, professional compensation and priority tax claims.

2 Includes \$300 million for Debtor Allocation Agreement in accordance with Section 6.3 of the Plan.

3 Debtor's best estimate of the amount of claims ultimately allowed consistent with Plan settlements.

4 Represents Claims after the effects of setoff.

Recovery Analysis for LCPI

(\$ in millions)

	Estimated Plan Assets			Estimated Allowed Claims²	Estimated Plan Recovery	
					\$	%
Cash & Cash Equivalents	\$2,951	Class 1:	Priority Non-Tax Claims	--	--	--
Restricted Cash	41	Class 2:	Secured Claims	\$144	\$144	100.0%
<u>Financial Instruments & Other Inventory</u>		Class 3:	Convenience Claims	1	0	60.0%
Real Estate	5,334					
Loans	4,093	Class 4A: ⁴	General Unsecured Claims other than those of Designated Entities	2,752	1,533	55.7%
Principal Investments	663					
Derivatives & Other Contracts	49	Class 4B:	General Unsecured Claims of Designated Entities	5,230	2,534	48.4%
Other Assets	124	Class 5A: ³⁴	Affiliate Claims of LBHI	17,857	8,216	46.0%
Operating Asset Recoveries	\$13,255	Class 5B: ³	Affiliate Claims of Participating Subsidiary Debtors	5	3	48.4%
Recovery on Intercompany Receivables	\$4,096	Class 5C: ³	Affiliate Claims other than those of Participating Debtors	4,871	2,537	52.1%
Recovery on Affiliate Guarantees	--					
Equity Interests in Affiliates	273	Class 6:	Equity Interests	--	--	--
TOTAL ASSETS	<u>\$17,624</u>					
<u>Administrative Expenses¹</u>						
Administrative Expenses & Other	(\$585)					
Post-Petition Intercompany Payables	(124)					
Operating Disbursements	(668)					
DISTRIBUTABLE ASSETS	<u>\$16,248</u>					
Contribution to Plan Adjustments	(\$1,280)					
NET DISTRIBUTABLE ASSETS	<u>\$14,967</u>	TOTALS		<u>\$30,861</u>	<u>\$14,967</u>	

- Note: All values that are exactly zero and all recovery percentages where the corresponding recovery amount is zero are shown as "--". Values between zero and \$500,000 appear as "0".
- 1 Comprised of administrative expenses, professional compensation and priority tax claims.
- 2 Debtor's best estimate of the amount of claims ultimately allowed consistent with Plan settlements.
- 3 Represents Claims after the effects of setoff.
- 4 The first \$100 million of Distributions made to Class 5A on account of its Allowed Affiliate Claim has been redistributed to Class 4A in accordance with Section 6.5(e) of the Plan.

Exhibit 14A

Bankhaus Settlements

1. Loans Settlement Agreement

Prior to the Commencement Date, with respect to commercial and real estate loans, LBHI, LCPI, and Lehman ALI (collectively, the “Lehman Parties”) and Bankhaus periodically entered into transactions with one another, or their wholly owned subsidiaries, whereby one of the parties acted as the lender of record and/or agent (the “Lender”) for certain loans, and the other party or parties would acquire interests in those loans through a participation (the “Participant”). Following the Commencement Date, a dispute arose among the Lehman Parties and Dr. Michael C. Frege, the Foreign Administrator of Bankhaus, over the ownership of certain of the loans. The Lehman Parties and Dr. Frege entered into a settlement agreement (the “Bankhaus Loans Settlement Agreement”) pursuant to which, the Lehman Parties acquired 86 loans with a total outstanding principal balance due of approximately \$2.9 billion, for a net purchase price of approximately \$1 billion, which amount accounts for (i) litigation risks associated with the dispute, and (ii) commercial risks attendant to collections. Other loans that were not a part of the dispute were also included in the transaction, and were acquired by the Lehman Parties at a discount. The Bankhaus Loans Settlement Agreement also provided that certain Claims of Bankhaus with respect to other participations will be Allowed as general unsecured Claims against LCPI, in the amount of \$1,015,500,000 (the “Allowed Claim Against LCPI”), and against LBHI, in the amount of \$1,380,900,000 (less the amount of any distributions that are received by Bankhaus as a distribution on the Allowed Claim Against LCPI). Such Claim against LBHI will be treated as a Senior Affiliate Guarantee Claim in LBHI Class 4B. The Allowed Claim Against LCPI is treated as a Affiliate Claim in Class 5C. The Bankhaus Loans Settlement Agreement further provides that LCPI and LBHI may not setoff claims held against Bankhaus against the Claims deemed Allowed by the Bankhaus Loans Settlement Agreement.

2. Claims Settlement Agreement and Plan Support

On March 1, 2011, the Debtors and certain Debtor-Controlled Entities entered into a settlement agreement with Bankhaus (the “Bankhaus Claims Settlement Agreement”), a copy of which is annexed hereto as Exhibit 14B. Pursuant to such agreement, the parties agreed that the Plan would incorporate and seek approval for a settlement of the allowed amount of all Claims of the Debtors and certain Debtor-Controlled Entities against Bankhaus, and all Claims of Bankhaus against the Debtors, and released each other from and against all other claims. A summary of the Allowed Claims of each party is set forth in the table below.

Pursuant to the Bankhaus Claims Settlement Agreement, Bankhaus agreed to vote to accept the Plan, subject to being properly solicited pursuant to an approved disclosure statement under section 1125 of the Bankruptcy Code. Furthermore, Bankhaus agreed neither to object to the Plan nor to support or participate in the formulation of any other chapter 11 plan, and not to object to the Claims of any Foreign Debtors that have entered into similar plan settlement agreements with the Debtors. Similarly, the Debtors have agreed to support an insolvency plan in Bankhaus’s liquidation (if Bankhaus elects to propose an insolvency plan),

provided that the Debtors are afforded an opportunity to review the insolvency plan and are reasonably satisfied that its terms are consistent with the terms of the Bankhaus Claims Settlement Agreement.

The Bankhaus Claims Settlement Agreement provides for certain termination rights, including that the LBB InsAdmin may terminate the Bankhaus Claims Settlement Agreement if (i) the Debtors make a material modification to the structure, classification or Distribution scheme under the Plan that would materially reduce recoveries to Bankhaus as set forth in herein, or (ii) if the Plan provides for materially different treatment of Claims held by other creditors that are factually and legally similar to the Claims of Bankhaus, resulting in such other creditors having a recovery entitlement in respect of said Claims that is materially higher than the recovery entitlement provided for in the Plan in respect of the Bankhaus's Allowed Claims. Similarly, the Debtors may terminate the agreement if the LBB InsAdmin allows and provides for materially different treatment of claims held by other creditors of Bankhaus that are factually and legally similar to the claims of the Debtors and certain Debtor-Controlled Entities, resulting in such other creditors having a recovery entitlement in respect of said claims that is materially higher than the recovery entitlement of the Debtors and the relevant Debtor-Controlled Entities.

The Bankhaus Claims Settlement Agreement is subject to (i) the confirmation of the Plan which incorporates the Bankhaus Claims Settlement Agreement and (ii) the necessary authority from Bankhaus' Creditors' Committee (*Gläubigerausschuss*) and Creditors Assembly (*Gläubigerversammlung*).¹⁰ The Debtors and the Creditors' Committee spent a significant amount of time and efforts analyzing the various transactions between the Debtors and Bankhaus. The terms of the Bankhaus Claims Settlement Agreement are the result of more than two years of arms-length negotiations with the LBB InsAdmin. In the Debtors' business judgment the terms of the Bankhaus Claims Settlement Agreement are in the best interest of the Debtors' estates. The Debtors request that the Bankruptcy Court approve the settlement between the Debtors and Bankhaus pursuant to Bankruptcy Rule 9019.

As part of the Bankhaus Claims Settlement Agreement, the Debtors agreed to purchase from Bankhaus the notes issued by certain securitizations. On March 23, 2011, the Bankruptcy Court approved two note purchase agreements [Docket No. 15287] pursuant to which LBHI purchased all of Bankhaus's interests in notes issued by Spruce CCS, Ltd., Verano CCS, Ltd. and SASCO 2008-C2, LLC (the "Purchased Notes") with an aggregate outstanding principal amount of approximately \$1,543 million, free and clear of all liens, claims, and encumbrances, for an aggregate purchase price of \$957 million. LBHI agreed to purchase the Purchased Notes for two reasons. First, LBHI acquired the Purchased Notes at a discount to the outstanding principal amount, and has the opportunity to realize a profit in the long term from the Purchased Notes. Second, the acquisition of the Purchased Notes will enable the Debtors to maximize the value of real estate loans and commercial loans held by Spruce CCS, Ltd., Verano CCS, Ltd. and SASCO 2008-C2, LLC, and thus also maximize the value of the Debtors' interests in the other notes issued by and equity interest in Spruce CCS, Ltd., Verano CCS, Ltd.

¹⁰ The Debtors are advised that Bankhaus has obtained the requisite authority from its Creditors' Committee and its Creditors' Assembly.

and SASCO 2008-C2, LLC. Specifically, by purchasing Bankhaus's interests in the Purchased Notes, LBHI and LCPI have obtained control over 100% of the capital structure of such securitization issuers, thereby enabling the Debtors to manage the underlying assets more efficiently. The acquisition of the Purchased Notes is part of the Debtors' overall settlement with Bankhaus. To the extent the a chapter 11 plan incorporating the terms of the Bankhaus Claims Settlement Agreement is not confirmed on or before December 31, 2012, LBHI is obligated to pay an additional \$100 million dollars to Bankhaus as further consideration for Bankhaus's sale of its interest in note issued by SASCO 2008-C2.

Claims of Bankhaus		
Debtor	Amount	Description
LCPI	\$1,015,500,000 ¹¹	Security & Collateral Agreement
	Up to \$1,279,401,572 ¹²	Repurchase Agreement in connection with 7 th Avenue Program
LBHI	\$1,380,900,000 (less the amount of any distributions that are received by Bankhaus as a distribution on the Allowed Claim Against LCPI)	Security & Collateral Agreement
	\$6,425,000,000	Security & Collateral Agreement
	\$19,191,840	Guarantee of Lehman Programs Securities
	\$16,256,461	Guarantee of Derivative Contract
LBSF	Up to \$1.2 billion ¹³	Swap Agreements in connection with the 7 th Avenue Program
Claims of Debtors Against Bankhaus		
Debtor	Claim Amount	
LBSF	\$320,904,908 ¹⁴	
LBCC	\$101,979,146	
LBCS	\$149,747,293	
LCPI	\$69,344,378 ¹⁵	

¹¹ This Claim was Allowed pursuant to the Bankhaus Loans Settlement Agreement.

¹² This Claim amount is subject to certain reductions, as described in detail in the Bankhaus Claims Settlement Agreement.

¹³ This Claim amount is subject to certain reductions, as described in detail in the Bankhaus Claims Settlement Agreement. A portion of this claim will be a secured claim and a portion will be an unsecured claim.

¹⁴ This Claim will be netted against Bankhaus's Claims against LBSF, reducing Bankhaus's Allowed Claims against LBSF.

¹⁵ This Claim will be netted against Bankhaus's Claims against LCPI, reducing Bankhaus's Allowed Claims against LCPI relating to the repurchase agreement in connection with the 7th Avenue transaction.